10 September 2024

CHESNARA HY 2024 RESULTS

Strong cash generation and 20 years of uninterrupted dividend growth

CHESNARA CONTINUES EXECUTING ITS RENEWED STRATEGY

1. Multiple levers available to grow Economic Value, supporting sustainable long-term cash generation and shareholder dividends
2. Strong Solvency II position with high resilience to market volatility
3. Disciplined yet flexible M&A framework with proven track record of delivery, integration and growth
4. Experienced management team focused on sustainable shareholder value creation

FINANCIAL HIGHLIGHTS

CASH RESULT

Commercial cash generation

£29m

HY 23: £22m

CAPITAL POSITION

Solvency II ratio

201%

FY 23: 205%

IFRS leverage (2)

30%

FY 23: 29%

FUTURE VALUE GENERATION

EcV earnings(3)

£20m

HY 23: £33m

IFRS capital base

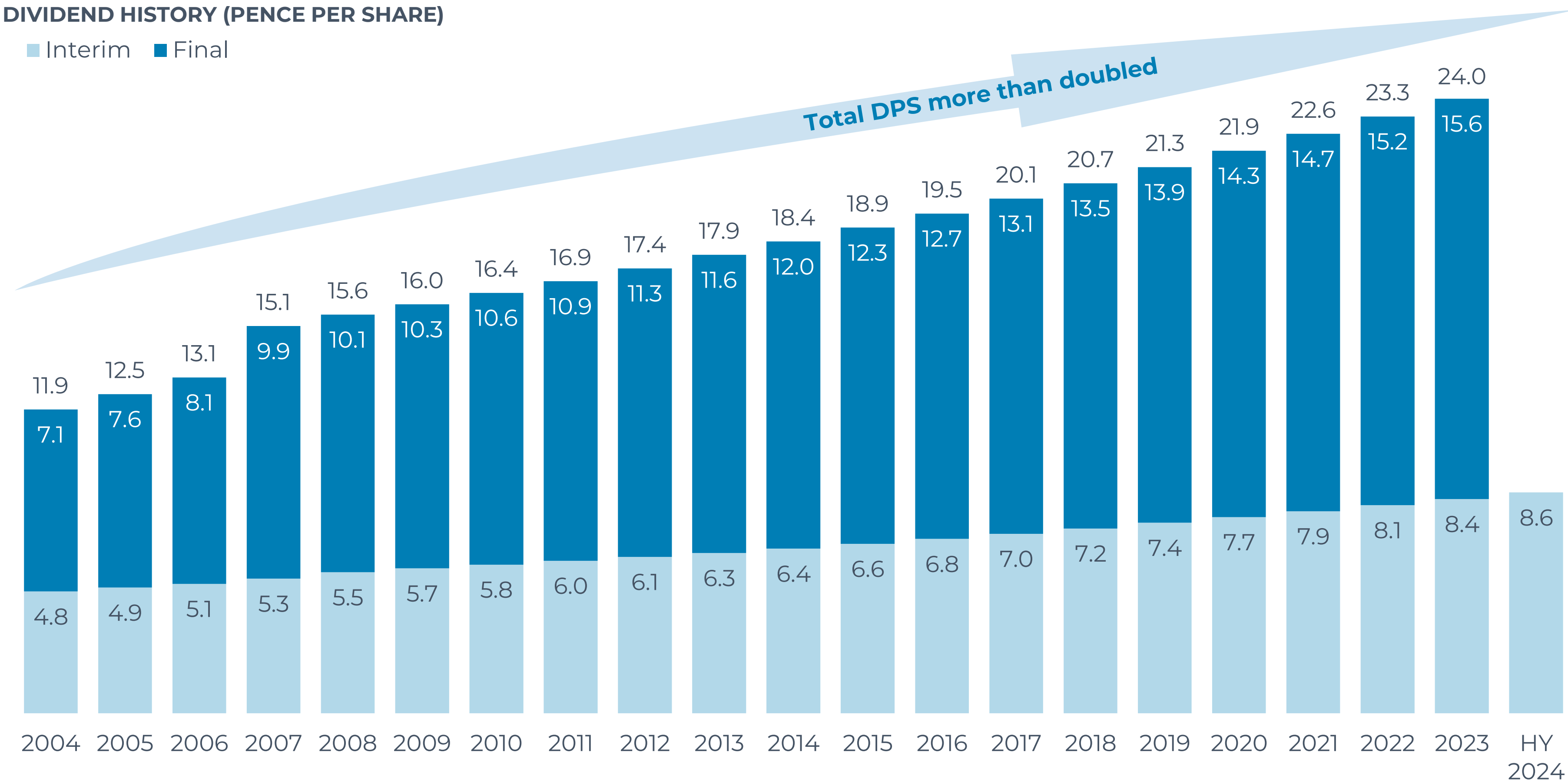
£458m

FY 23: £487m

Interim dividend

8.61p per share, **up 3%** YoY

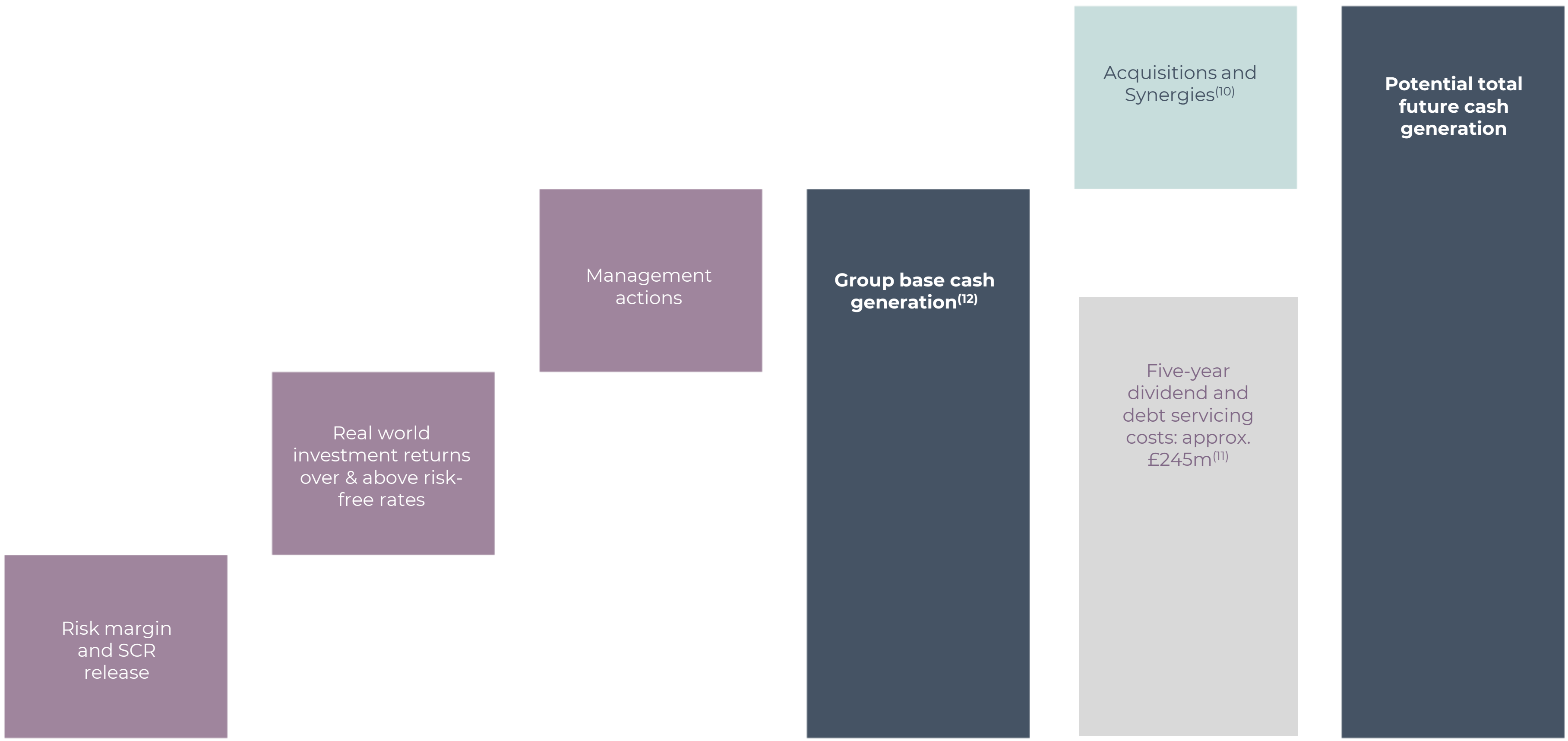
20 YEARS OF UNINTERRUPTED DIVIDEND GROWTH UNRIVALLED IN UK & EUROPEAN INSURANCE[1]



3% interim dividend increase announced today

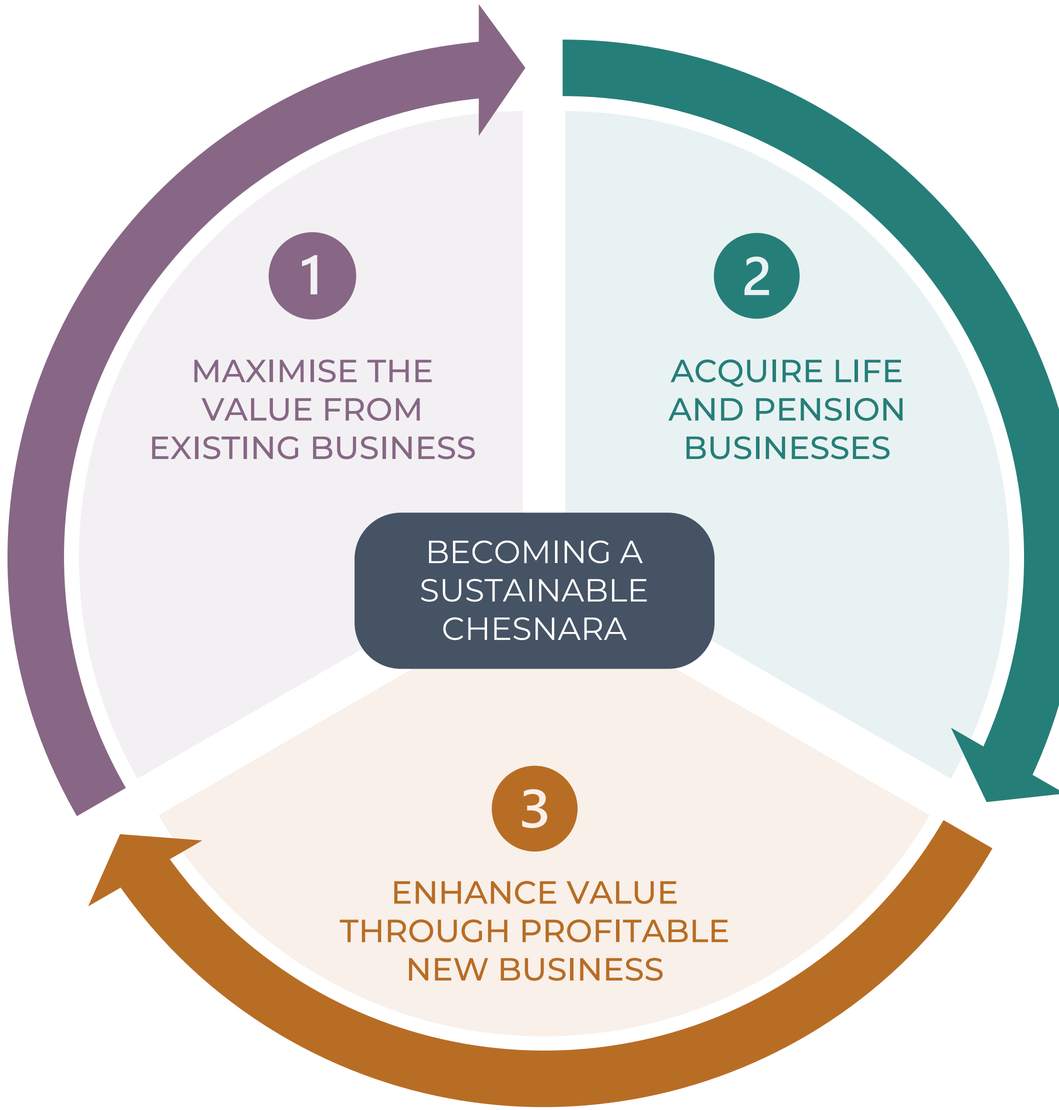
GOOD VISIBILITY ON SOURCES OF FUTURE CASH

RELIABLE SOURCES OF ORGANIC FUTURE CASH GENERATION, EXPECTED TO COVER LONG TERM DEBT COST AND DIVIDENDS; FURTHER UPSIDE FROM FUTURE M&A



CHESNARA HAS A STRONG BASE ON WHICH TO GROW

We have a track record of running insurance books of business at scale, for the benefit of customers, shareholders and our other stakeholders



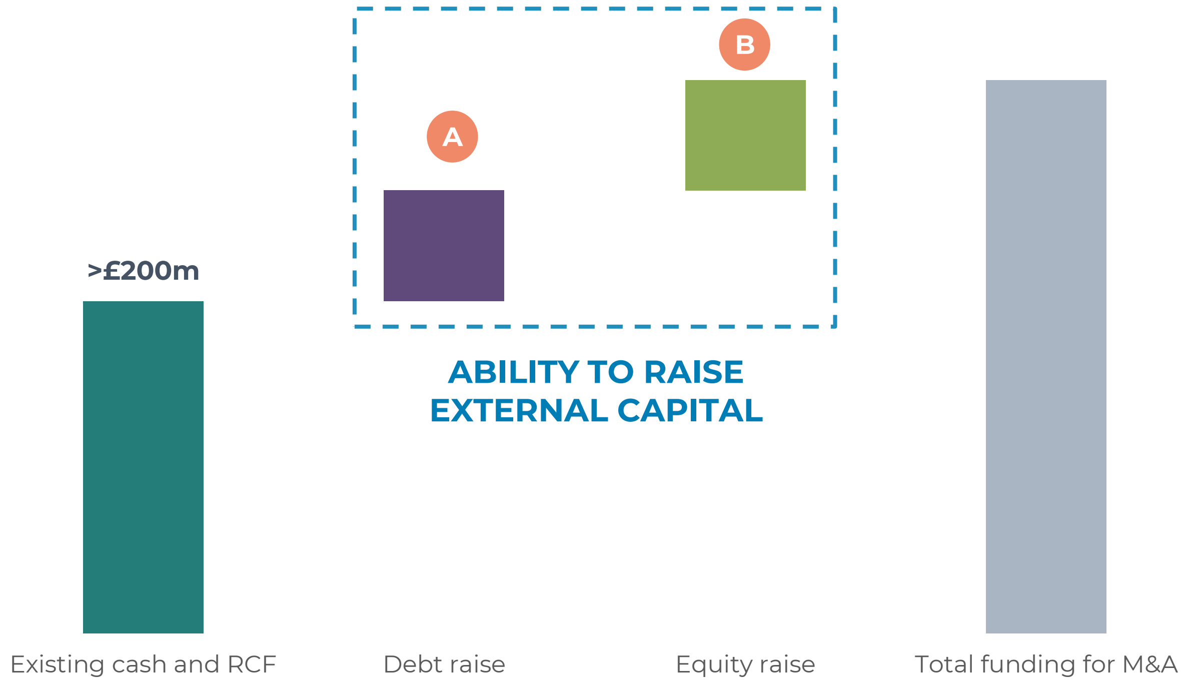
CHESNARA HAS BEEN ACTIVELY INVOLVED IN M&A PROCESSES OVER THE FIRST HALF, AND PIPELINE REMAINS POSITIVE

KEY DRIVERS FOR M&A ACTIVITY	CHESNARA'S KEY STRENGTHS
Operational simplicity	✓ **Strong record** of customer service & governance
Disposals of non-core products to release capital	✓ Comfortable managing **wide range of books** including unit-linked, life insurance, with profit and individual annuities
Focus on specific geographies	✓ Ability to acquire **portfolios** of policies or entire legal **entities**
Regulatory change	✓ **Positive and long-standing relationships** with multiple regulators
Persistent cost inflation	✓ **Less likely to be a material competitor** on new business than some other consolidators
De-risking of portfolio to macroeconomic shifts	✓ **Flexibility on approach** to managing assets & investment management

FINANCING CAPACITY OFFERS ABILITY TO FUND A RANGE OF DEAL SIZES

FINANCING CONSIDERATIONS	
SOLVENCY	Normal operating range of 140% to 160%
LEVERAGE	Maintain our investment grade rating
CASH RESERVES	Retain liquid resources to cover the dividend, coupon and working capital for approximately one year
ACQUISITION CAPACITY	Capacity to finance smaller transactions without external fundraising

Not drawn to scale



ACTIONS TAKEN OVER H1 2024

- Renewed the RCF of £150m for another three years
- Obtained shareholder approval to raise up to c£120m of RT1
- Received £42m of divisional dividends, with a further £7m due in Q4

A

FitchRatings

Investment grade rating important for accessing debt capital markets

B

Equity financing from shareholders, new strategic partners or via vendors taking stake in enlarged group

LAYING FOUNDATIONS HAS DELIVERED RESULTS …WITH MUCH MORE TO COME

Our ambition for growth

3 NEXT STEPS

CREATE MORE VALUE FROM M&A

Proactive capital allocation and investment return optimisation	Drive more value from the group	Simplify our financial metrics

2 THE RESULT

£50m uplift to EcV from four M&A transactions since 2022	Investment grade rating from Fitch Ratings	Strong cash generation supporting growth in dividends	Positive and broader pipeline supported by financing capacity

1 LAYING THE FOUNDATIONS

Started simplification of investors story with an increase in investor engagement	Enhanced financial firepower from the RCF and Tier 2 debt	Strengthened leadership team	M&A hires, more proactive effort, leadership time and spend on M&A activity
Greater disclosure on future sources of cash and value	SS&C partnership to support UK growth	More front-footed approach to management actions	

Our ambition for growth


QUESTIONS

APPENDICES

SENSITIVITIES

The charts below provide some insight into the potential range of impacts of certain sensitivities that the group is exposed to, covering surplus and economic value

Whilst cash generation has not been shown in the diagrams below, the impact of these sensitivities on the group's solvency surplus has a direct read across to the immediate impact on cash generation. Each individual bar in the diagram illustrates the estimated impact range (£m) of the respective sensitivities and whether that impact is positive (green) or negative (red). Further details are provided on the following slide.

Positive impact | Negative impact

		Solvency % impact
1	20% sterling appreciation	22.0%
	20% sterling depreciation	-12.9%
2	25% equity fall	10.4%
	25% equity rise	-7.0%
	10% equity fall	3.8%
	10% equity rise	-2.3%
3	1% interest rate rise	2.6%
	1% interest rate fall	-4.9%
4	50bps credit spread rise	-4.9%
5	25 bps swap rate fall	-4.5%
6	10% mass lapse	1.2%
7	1% inflation rise	-10.0%
8	5% mortality increase	-3.4%